

**Appendix C - Reference Table of Joint Solar Parties Responses to Staff Questions posed in the California Solar Initiative Design and Administration 2007-2016, filed April 24, 2006.**

| Staff<br>Proposal<br>Page # | Question/Issue | Joint Solar<br>Parties Page # | Joint Solar<br>Parties Section<br># |
|-----------------------------|----------------|-------------------------------|-------------------------------------|
|-----------------------------|----------------|-------------------------------|-------------------------------------|

**Section 2 - Applying a performance dimension to incentive payments**

|    |  |                    |        |
|----|--|--------------------|--------|
| 15 | IRS determination of third party administration impacts on CSI   | 26                 | III.A. |
| 19 | Should the CSI start with 100% PBI for systems >100kW  | 21                 | II.B   |
| 19 | Should new construction receive a lower PBI  | 22                 | II.B   |
| 26 | What performance estimation tools would be most appropriate for EPBB calculations?   | 26                 | II.E.  |
| 26 | Would that be unduly restrictive for BIPV systems?   | 26                 | II.E.  |
| 26 | Is the verification protocol described above administratively feasible?  | 23                 | II.C.  |
| 26 | Must the verification be done on-site, or is it possible to arrange for remote data collection to determine system performance, adjusted for weather factors?  | 23                 | II.D.  |
| 26 | Can the cost of on-site verification be accommodated within the 10% limit for program administration and evaluation?   | 25                 | II.D.  |
| 26 | Should verification for small systems be available on an opt-in basis if an applicant believes their technology performs better than average?  | 25                 | II.D.  |
| 27 | With respect to non-solar SGIP projects, should the Commission retain the 100% of peak demand requirement, revert to the 2005 requirement of 200% of peak demand, or apply the same requirement as that proposed for solar of 100% of historical annual use? | 100% of historical |        |

**Section 3- Incentives for non-PV solar technologies**

|    |  |    |      |
|----|--|----|------|
| 32 | Ways to integrate solar HVAC with the solar water heating program proposed by SDREO.   | 30 | V.A. |
| 32 | Technical solar HVAC specifications for inclusion in the CSI Program Handbook.   | 30 | V.B. |
| 32 | Whether a certification process should be required for BTU-to-kWh equivalent conversion technologies, or for BTU ratings equivalent to solar PV ratings. Alternatively, should we establish the incentives for solar thermal on a per BTU basis? | 30 | V.C. |

**Section 4 - Incentive Triggers**

|    |   |         |      |
|----|---|---------|------|
| 37 | Parties are requested to submit comments regarding the options outlined above.  | PP 3-18 | I    |
| 37 | If parties feel that an alternate approach is warranted, they are welcome to supply explicit, detailed proposals for setting the CSI incentive level and adjusting it over time.  | PP 3-4  | I.A. |
| 37 | Parties should include discussion of administrative feasibility for all options discussed.  | 14      | I.C. |
| 37 | If an adjustment method other than the 10% per year method is proposed, do parties believe it will be necessary to apply such a trigger on a different basis or different schedule for residential versus non-residential solar systems, or for small versus larger systems, in response to potentially different market segment trends for solar system costs? | PP 3-21 | I    |

#### Section 5 - Funding Levels

|    |   |          |         |
|----|---|----------|---------|
| 40 | Parties are invited to comment on whether and how incentive “buckets” could be reserved by type of customer or size of solar system.  | 12       | I.D.2.c |
| 40 | Parties are invited to comment on how to maintain statewide uniformity of incentive levels offered, if solar applications reach their limits in one service area, but not in all., requiring the “depleted” utility area to borrow against the next year’s funds and offer a lower incentive level. Alternatively, should we simply require those applications to wait until the following calendar year? | pp 12-14 | I.D.2.c |

#### Section 6 - Incentive Administration

|    |   |    |          |
|----|---|----|----------|
| 41 | On what frequency should solar PBI incentive payments, NEM credits, and system performance data be reported and/or paid? (monthly?, quarterly?, annual?)  | 11 | I.D.2.A. |
| 41 | As described in Section 2.2, solar projects installed in 2006 and 2007 receive significant tax credits. IRS rules consider solar rebates received through a “utility program” as non-taxable income. Does the proposed non-IOU administrative structure jeopardize or restrict a program participant from taking advantage of federal solar tax credits? Could a utility-funded program administered by a third party be considered a utility program under IRS guidelines? | 26 | III.A.   |
| 41 | Are there reasons to re-consider the idea of a non-profit administrator, perhaps expanding consideration to utilities (if this would ensure better integration with energy efficiency programs) or to a for-profit administrator (if this would increase greater certainty of finding an administrator with the right skills and experience to operate this program as of January 2007)?  | 26 | III.A.   |

Supplemental Questions from the Administrative Law Judge's Ruling with Modification to Staff Proposal and  
Additional Guidance on Comments Due May 15, 2006

Page  
EPBB

|        |  |    |          |
|--------|--|----|----------|
| Sup-i  | Should CSI incentive payments be based on "CEC-AC," or "true system AC" or some other variation?   | 23 | II.C.    |
| Sup-i  | The current draft proposal only talks about reductions to the base level CSI payment based on variations relative to system installation facing due South tilted 30%. Tracking systems should be eligible for incentive payments which are higher. How should EPBB incentives be calculated for tracking systems or other high-performance solar technologies?   | 29 | III.A.1. |
| Sup-i  | The staff proposal would allow upside PBI payments for up to 10% above the kWh (or BTU) expected for the reference cases of 0.2 capacity factor for flat PV, and 0.3 for tracking systems. Such a cap helps manage incentive funds reserved for systems, and recognizes that higher-performing systems provide favorable economics to the owner. What alternative approach could be taken to reward even higher performance solar systems, while still managing the incentive funds budgeted, and not paying excessive incentives relative to the solar owner's economics? | 29 | III.A.1. |
| Sup-i  | Should there be a minimum design standard for eligibility (e.g. 60% of optimal)? If so, what should that minimum be?   | no |          |
| Sup-ii | Parties have stated that a .20 capacity factor is not accurate for PV systems. Please provide or reference data that supports this claim and make recommendations for a more appropriate capacity factor using supporting data.  | 25 | II.C.    |

Non-PV Solar Technologies

|        |   |                                |      |
|--------|---|--------------------------------|------|
| Sup-iv | How should we handle a combination renewable/fossil technology system?  | 31                             | V.D. |
| Sup-iv | If solar water heating qualifies as an energy efficiency measure (under rules of the EE proceeding), should solar water heating receive similar treatment under CSI, especially if we will have "lost opportunities" to put solar water heating on buildings while awaiting the results of the SDREO pilot? | 31                             | V.E. |
| Sup-iv | Is 15% an appropriate number for automatically declining the incentive for CSP incentives? If not provide data to support an alternative method or percentage.  | No, do not penalize innovation |      |

Trigger Adjustment

|         |  |        |       |
|---------|--|--------|-------|
| Sup-iii | <p>We welcome comment or thoughts on how alternate trigger adjustment approaches could take into consideration the following factors:</p> <ul style="list-style-type: none"> <li>– customers’ different access to federal tax credits</li> <li>– changes in retail price of energy displaced - forecast</li> <li>– solar technology installed cost trajectory</li> <li>– solar technology innovation and performance trajectory</li> <li>– 2006- 2016 budget of \$2.4 billion maximum for incentive payments</li> <li>– 2006-2016 goal of 2600 installed MW for CPUC portion of CSI target</li> <li>– market response to CSI incentive levels</li> </ul> | PP 3-4 | I.A.  |
| Sup-iii | <p>What administrative mechanism can oversee and make these adjustments? (e.g.):</p> <ul style="list-style-type: none"> <li>– A new CPUC proceeding each time?</li> <li>– An ALJ ruling based on staff recommendation and public comment (possibly with Commission affirmation)?</li> <li>– Delegation to the collective group of administrators, in consultation with CPUC staff?</li> </ul>  | 36     | VII   |
| Sup-iii | <p>If incentive funds are reserved at the “conditional reservation” stage for an application, and the applicant later drops out, this risks tying up funds that can then not be used by others seeking that year’s incentive level. If the reserved funds do not get used, they may be returned to the incentive budget at possibly a later time when incentive levels are lower. This has the potential effect of not maximizing fund expenditures each year. What options are available to reduce the drop-out rate after the conditional reservation stage?</p>   | 18     | I.D.3 |

#### IRS Ruling

|         |   |    |        |
|---------|---|----|--------|
| Sup-iii | <p>Since we do not know how fast the IRS will make a determination of the tax status of incentives from a non-profit administrator, should we delay taking this approach?</p> | 26 | III.A. |
|---------|---|----|--------|

#### Metering

|        |   |    |     |
|--------|---|----|-----|
| Sup-iv | <p>If inverters have “internalized meters”, is their accuracy sufficient to avoid a separate “revenue grade” meter? Can communications systems remotely read and send the data from such an “internalized meter”? What happens if the inverter’s internalized meter is not consistent with the “best fit” of meter(s) that a utility may specify to ensure data can be fed into their data recording and billing systems?</p> | 31 | VI. |
|--------|---|----|-----|